



China Nears Fully Cashless Economy

BY PYMNTS

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China has taken two steps closer to a fully cashless economy after two small private Chinese banks announced last month that they would end services related to bank notes and coins, according to a South China Morning Post report Friday (Feb. 4).

Beijing-based Zhongguancun Bank will end cash services, including over-the-counter deposits and withdrawals and cash services on ATM machines, in April, while NewUp Bank of Liaoning will end its cash services in March, the report says.

Chinese residents have long relied on Tencent Holdings' WeChat Pay and Alibaba Group Holding's Alipay over cash and Beijing has been conducting a nationwide pilot scheme for digital currency known as e-yuan. So far, more than 261 million people having downloaded the wallet app since it launched last year.

Wecash Pay while eCommerce giant JD.com now supports e-yuan payments in its online stores.

Meanwhile, Chinese on-demand services provider Meituan last week allowed more than 200 types of offline merchants — including restaurants, grocery stores, movie theaters and hotels — to accept e-yuan payments, even as the country's central bank says merchants must accept bank notes and coins.

Some private banks in China hope to become internet banks, but China's crackdown on the internet in the past year could make that an uphill battle, the report says. So far, China has granted four private banks the right to conduct cross-regional banking services on the internet.

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Last month, the Cyberspace Administration of China (CAC) began promoting blockchain projects in as many as 15 "zones" and throughout more than 160 government entities, including government departments, schools and car companies.

The goal is to use blockchain in data sharing to make business processes more effective and to ease any frictions across trade finance, equity markets and cross-border finance.

China's digital yuan trials saw \$8.3 billion of the country's payments market in the past six months and \$13.68 billion in the past two years. The country's full-scale rollout is expected during the 2022 Winter Olympics, which kicked off Thursday (Feb. 3).



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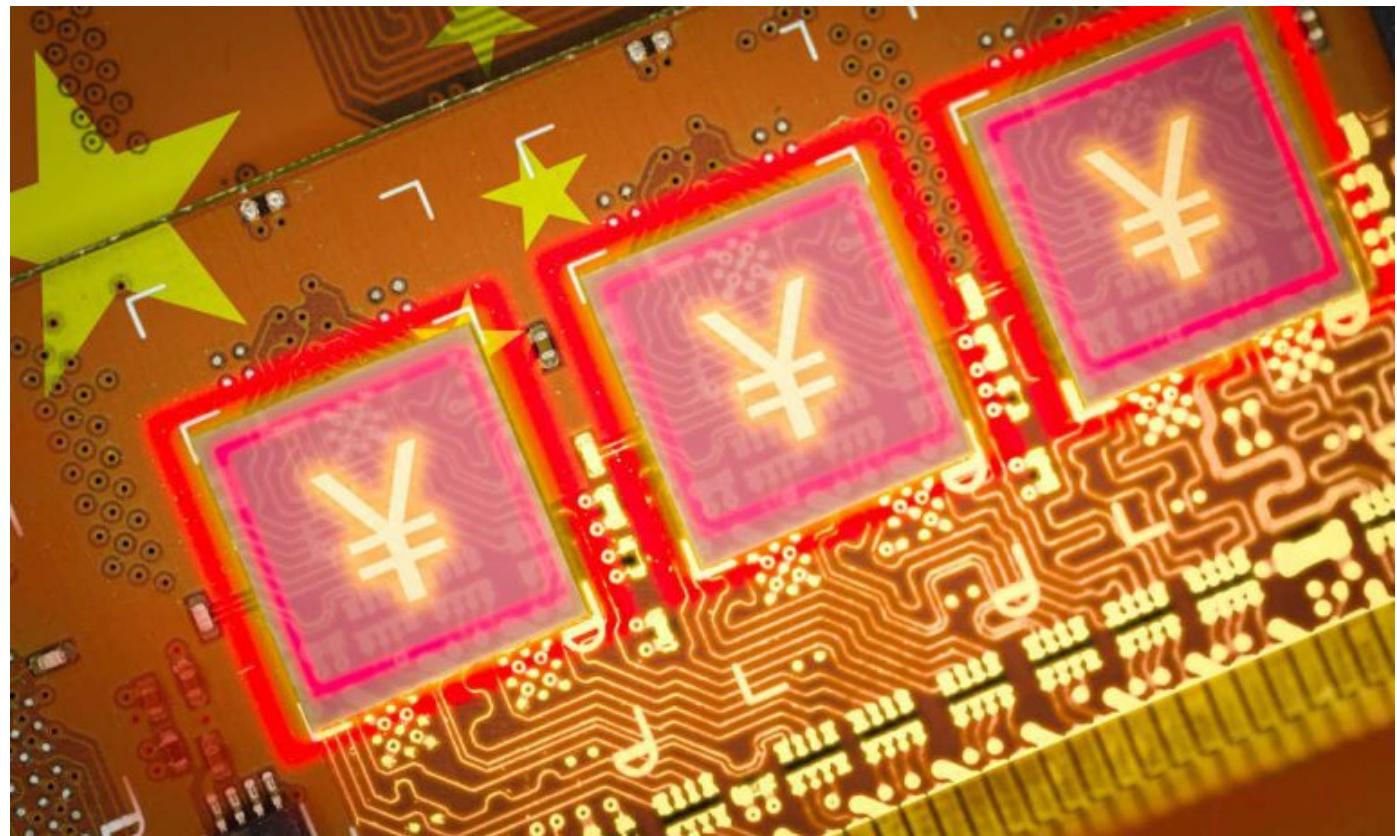
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China Central Bank Governor Says Digital Yuan Has 'Managed Anonymity'

BY PYMNTS

OCTOBER 31, 2022



People's Bank of China Governor [Yi Gang](#) has reportedly said that the country's centralized digital yuan (e-CNY) should protect privacy but should not be as anonymous as cash.

currency from being used in the commission of fraud, money laundering and other illicit activities, Bloomberg reported.

“Anonymity and full disclosure are not as simple as black and white,” Yi said.

Data on transactions would be secured, encrypted and stored; sensitive consumer information would not be identifiable to people not involved with the transaction, and legal authorization would be required for anyone who does ask for that data, Yi said.

“In designing e-CNY, we try to ensure privacy protection and financial security through, by and large, anonymity and managed anonymity,” Yi said, per the report.

As of mid-October, Chinese citizens have spent more than \$14 billion worth of [digital yuan](#), according to the People’s Bank of China.

That total represented 360 million transactions made at some 5.6 million merchants in 15 provinces that now support the central bank digital currency (CBDC), the release stated.

As PYMNTS reported Wednesday (Oct. 26), China is far ahead of other major developed countries in developing a CBDC, having started in 2014. However, its testing and rollout campaign has been slow, partly to provide time for merchants to prepare for it and partly to convince consumers to use it instead of more familiar payment methods.

China has also worked to overcome widespread concerns that the digital yuan would be used to track people’s spending minutely.

As PYMNTS reported Aug. 24, [Chinese authorities](#) are introducing the digital yuan in a smart way: slow, steady, incremental and targeting types of payments that will get the widest assortment of people using the CBDC.



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